

Business Protection Life Insurance

Product Profile

In this document we outline the relevant product information about LV= Business Protection Life Insurance, required for distributors. We set out the product's target market, distribution strategy, main features, limits, suitability, risks, options and costs, and the outcome of our fair value assessment.

For full details of the terms and conditions of the policy, please refer to the Business Protection Life Insurance policy conditions.

Target market

Business Protection is aimed at small and medium-sized businesses (SMEs) to help safeguard their financial future by providing a one-off cash payment in the event that the business owner or key person dies or is diagnosed with a terminal illness.

Business Protection targets three key elements - ownership, profit and debt. It's important to understand the setup of the client's business, who the owners are and the risks they face to help identify and justify the need for Business Protection and the basis for the policy. The different types of Business Protection are Key Person Cover, Share and Partnership Protection.

Key Person Cover

A key person could be the business owner, director, sales person or any employee with specialist skills or expertise. Losing a key person can be disastrous for the long-term survival of a business and the proceeds from a policy can give the business a cash injection, either used to protect profits or clear debt to help trading continue.

The client can choose whether the policy is written on an own life or life of another basis, with the exception of Limited Liability Partnerships or Limited Companies. For these types of business structures, the policy should be set up on a life of another basis, with the company taking out a policy and insuring their shareholder/partner or key person.

Key Person Cover would not be used to protect ownership of the business and if a business wants to protect profit and debt, two separate policies would need to be set up to cover each element.

The setup of the policy depends on who is being insured, and the business type as explained below:

Business Type	Policy written on life of employee		Policy written on life of business owner	
	Own life or Life of another	In Trust Y/N	Own life or Life of another	In Trust Y/N
Sole Trader	Life of another	No – sole trader is policy owner	Own Life	Yes – for family of business owner
Partnership	Life of another	Yes – in trust for partners	Own Life	Yes – in trust for partners
Limited Company, or Limited Liability Partnership (LLP)	Life of another	No – Limited Company or LLP is the policy owner	Life of another	No - Limited Company or LLP is the policy owner

Shareholder and Partnership Protection

The policy provides the owners of a business with a lump sum to buy the affected individual's share of the business in the event of them dying or being diagnosed with a terminal illness, helping the surviving owners retain full control and ensure the deceased family's estate receives fair settlement. The business owners can choose whether the policy is written on an own life or life of another basis. However, life of another is usually only suitable where there are just two owners, and doesn't provide any flexibility for future business changes.

Regardless of whether the policy is written on an own life or life of another basis, a suitable double or cross option arrangement needs to be in place which facilitates the sale of the deceased's share to the surviving owners.



Distribution

To ensure your clients receive the right level of protection and to help ensure the policy is set up to meet the needs of the business, we believe this product should be sold on an advised basis, face to face or over the phone.

It's important to regularly review your client's circumstances and protection needs to make sure their cover is appropriate.

Main features

- Pays a cash lump sum on death, or diagnosis of a terminal illness, during the term.
- level, increasing or decreasing cover.
- guaranteed premiums only.

What is not covered

- We won't pay a claim if the person insured dies as a result of intentionally taking their own life in the first 12 months of the policy.
- This policy is not suitable for clients who want to protect their income should they be unable to work due to accident and sickness.

Risks

- There is no cash in value at any time.
- If your client stops paying their premiums, their cover may cease.
- If your client chooses level cover, it won't keep up with inflation and could buy less in the future.

Limits and basis

- The minimum term is 5 years and maximum term 50 years. The policy must end before the person insured reaches the age of 90 (for level and decreasing cover) or age 85 (for inflation-linked cover).
- Clients can choose to take out a policy on an own life (written into trust) or life of another basis for either someone crucial to the firm's profits, or one or more business owners. If your client is insuring someone else, they must meet these requirements.
- For policies written under trust, it will depend on the structure of the business as to how the trust is set up.

Eligibility

To apply, the client must be:

- Permanently living in the UK.
- Aged between 17 and 84 (for level and decreasing cover).
- Aged between 17 and 79 (for inflation-linked cover).

Fair value assessment

We have assessed our Business Protection Life Insurance cover, including options and additional benefits, as providing fair value for customers within the target market, for whom the product is suitable.

We will regularly assess the product to ensure that it continues to provide fair value and meets with the requirements of the intended target market.

What we take account of when assessing fair value

When assessing fair value, we look at:

- the target market, its needs and objectives
- the expected proportion of vulnerable customers in the target market
- the product's benefits and limitations, and what services we provide
- the distributors/channels we use
- the expected overall premium
- how much it costs to provide the product and distribute it over a reasonably foreseeable period.
- the relationship between the overall price to our customers and the quality of the product and service provided.

What information do we use to assess fair value?

- The proportion of premiums that go towards providing the amount of cover.
- How long our claims process takes from start to finish.
- What percentage of claims we pay out and if not, why not. Information of claims stats can be found here LVadviser.com/supporting-you/claims
- How many complaints there are and the proportion we uphold.

Other considerations

We consider the levels of commission we pay and, where we are able to access the details, how much distributors charge their customers for the services they provide.

Distributors will need to consider the impact of any other costs they charge when undertaking their own fair value assessments.

LV= Business Protection Life Insurance is not suitable, and does not provide fair value for

- Those looking for personal protection.
- Those wanting to provide death in service benefits for employees.
- Those looking to cover a regular benefit if the person insured is unable to work for a period of time due to accident or sickness.

Options and additional benefits

Guaranteed Increase Options:

Your client can increase the amount of the cover for their employee, if certain events happen and they are eligible. If your client changes the amount of their cover using one of these options, their premium will also change to reflect this. The premium will be based on the age and smoker status of the employee at the time of change. For more details, refer to the Policy Terms and Conditions.

Benefits of being an LV= member:

By taking out this product the policyholders will agree to become a member of Liverpool Victoria Financial Services Limited (LV=). As LV= is a mutual we are owned by our members, which means our members have a say on how the company is run. Our members also get access to a range of LV= benefits. To see the full range, and any conditions that may apply, visit [LV.com/benefits](https://www.lv.com/benefits).

Please note, the life insured is not eligible for membership and won't get access to the full range of LV= benefits.

LV= benefits are non-contractual and can be changed or removed at any time.

LV= Business Care:

For all new policies (from 1 October 2015), we offer the policyholder (the business) telephone access to free specialist advice in business and commercial law, business tax and VAT. Provided at no added cost, these services are non-contractual and can be changed or removed at any time, and conditions apply. More details about LV= Business Care are available at [LV.com](https://www.lv.com).

LV= Doctor Services:

For all new policies (from 1 September 2018), the person insured and their spouse/partner (providing they live at the same address) has access to a number of app-based medical services and advice. These include 24/7 Remote GP, Prescription Services, Second Opinion Services, Remote physiotherapy *(x5), Remote Psychological Services *(x5) and Discounted Health MOTs. These benefits are non-contractual and can be changed or removed at any time, and conditions apply. For more details visit [LV.com](https://www.lv.com).

* These services are capped at 5 sessions per year and are shared between the insured employee and their spouse/partner.

LV= Doctor Services and LV= Business Care are provided by third party companies. These services are not regulated by the Financial Conduct Authority or the Prudential Regulation Authority.

Costs

The policy premium also includes a fee, which is a fixed monthly amount, to cover administration and support costs.

To find out more, please contact your LV= Account Manager on



0800 678 1890



Or visit [LVadviser.com](https://www.lvadviser.com)

You can get this and other documents from us in Braille or large print by contacting us.



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